

# **Summary of the Strengthen, Modernize, And Reform The (SMART) National Flood Insurance Program Act**

## ***Section 2 – MAINTAINING RISK PREMIUM RATES FOR PROPERTIES PURCHASED AFTER THE DATE OF ENACTMENT OF THE BIGGERT-WATERS FLOOD INSURANCE REFORM ACT OF 2012***

Allow properties currently receiving a subsidized rate to keep that rate when sold. This prevents people from losing the property value of their home.

## ***Section 3 – DELAY IN PREMIUM INCREASES***

Delays Sec. 205 and Sec. 207 rate increases until 6 months after the affordability study is submitted to Congress.

## ***Section 4 – STUDIES OF VOLUNTARY COMMUNITY-BASED FLOOD INSURANCE OPTIONS***

Requires FEMA to conduct a study to assess the possibility of making voluntary community-based flood insurance policies available through the NFIP. Community-based flood insurance could provide communities with the option to purchase blanket policies for all properties in their communities or a portion of their communities. This could allow for communities to offer more affordable insurance policies to their residents and provide greater incentives for community-wide mitigation activities.

## ***Section 5 – ELIMINATE PENALTY ON COMMUNITIES FOR SELF-FINANCING FLOOD PROTECTION***

FEMA's AR and A99 flood zone categories provide more affordable flood insurance to qualifying communities in the process of levee construction, reconstruction, and improvements. Currently, while federal expenditures on these activities can be fully counted toward community eligibility calculations, there is a cap on the amount of state and local funds that may enter into this calculation. Proactive communities who are sharing cost burdens with the federal government should not be penalized for self-financing flood protection projects, so this amendment would eliminate the 50% cap on state and local contributions to these projects.

## ***Section 6 – EXPEDITE FEMA'S AFFORDABILITY STUDY***

The Biggert-Waters Act requires FEMA to conduct a study of methods to encourage and maintain participation in the NFIP, including the possibility of making the NFIP more affordable for certain people through targeted assistance. The study was due 9 months after the date of enactment, but has not yet been received. To expedite the affordability study, the bill permits FEMA to use available funds outside of the National Flood Insurance Fund to complete the required affordability study and makes a technical change to the affordability study to ensure the timely completion of the study.

## ***Section 7 – V-ZONES***

Federally-funded new construction (which includes reconstruction of facilities at least 90% damaged in a disaster) is currently prohibited in V-Zones based on a 34-year old Executive Order. Building practices have changed significantly in the last 30 years, and FEMA now issues a guide to sustainable coastal construction practices. It is entirely possible to build durable structures in hazardous areas as long as strict construction

standards are followed. Damaged facilities should be re-located out of V-Zones to the maximum extent practicable following a disaster, but in instances when that would mean forcing an entire community to relocate 50 miles away or go without a school or fire station, that is an unacceptable choice. In situations such as these, new construction should be permitted in the V-Zone when re-location is impractical, provided that facilities are built to strict, established flood protection standards. These facilities will also be subject to a FEMA evacuation plan to promote the safety of the persons who occupy or access them.